

increases in heroin use, cocaine use, designer drug use. What is interesting even in the marijuana area is that the marijuana that was used in the 1960's and 1970's was nowhere near as powerful as what this report says is 30, 40 times as powerful and is messing up the brains and the genes and the minds of our young people. That is one of the problems that we see with crime, with disorder and again with the use of these drugs by our young people.

□ 1830

So the reports are in. The Congress, my subcommittee over at International Affairs and Oversight has released this report. We now have the report of the drug abuse warning network that shows that the problem is even worse than what this chart details before us.

But I think, my colleagues, that it is time that we took back our children, I think it time that we took back our schools, that we took back our streets, we took back our communities, the violence that we have seen, the crime that is related to drug abuse. My sheriffs and police chiefs have told me that 70 percent of the criminals that they have incarcerated are involved with drugs, and narcotics and illegal substances.

So we know where the problem is. It is not going to be answered by curfews, it is not going to be answered by regulating cigarettes, it is not going to be answered by uniforms or V-chips. It is going to be answered by the highest leadership of this country, the White House, taking this issue seriously. It is going to be answered by this Congress providing more resources to a drug interdiction program and education programs, some of which have been gutted by this administration, and making drug abuse and misuse a serious topic of conversation because it is ruining our ability to live as a society.

We heard about the black churches that have been destroyed across the Nation. Well, just in this city since I have been in Congress the last 3½ years, 1,000, in excess of 1,000, young black males between the ages of 14 and 45 have lost their lives in a drug war. I asked the President in any war I would send in the National Guard, and when we saw what was going on here with the deaths, he denied our activity. I participated in a hearing in San Juan today, and we found that where they brought in the National Guard where they had high intensity or problems that, in fact, they took their streets back.

So we are going to have to take whatever measures are necessary because we are in a war. The victims in this war are children. We are losing a generation. Our jails are filled. We cannot put any more people in prison, so we are going to have to concentrate on what has become a national scandal and a national problem, and that is drug abuse and drug misuse. The direction the President has been heading in

is the wrong direction. We need to get in the right direction, and we need every American to speak out on this, not just in Congress, but throughout the land.

Mr. Speaker, we must solve this problem or we are not going to again have safe streets or have our children have an opportunity for the future.

CHURCH BURNINGS STRIKE MY DISTRICT

The SPEAKER pro tempore (Mr. JONES). Under a previous order of the House, the gentleman from Texas [Mr. HALL] is recognized for 5 minutes.

Mr. HALL of Texas. Mr. Speaker, last night two churches in Greenville, TX, the fourth district that I represent, were damaged by fires which are suspected to be acts of arson. These are the latest in a long and tragic series of church burnings that have struck predominantly black, southern churches in the past 18 months. Whether these burnings eventually are found to be part of a conspiracy, isolated incidents, or "copy-cat" crimes, these are crimes that must be given top investigative priority.

Members of the blue dog coalition, of which I am a member, have joined with members of the Congressional Black Caucus in asking Attorney General Janet Reno to give this issue the full and focused attention of the Department of Justice. In recent weeks, we have received assurance that the Department is committed to thorough investigation of these burnings, and yesterday Attorney General Reno gave her personal assurances to a delegation of ministers. As we speak here tonight, agents from the FBI and the Bureau of Alcohol, Tobacco and Firearms are in Greenville investigating these recent burnings.

I would like to commend the efforts of the distinguished gentleman from Louisiana, Mr. CLEO FIELDS, and the distinguished gentleman from Alabama, GLEN BROWDER, for their leadership on this issue, and I join others in the blue dog coalition, the Congressional Black Caucus, other Members of Congress, and the majority of Americans in condemning these acts of violence. Whether these are crimes of hate or random incidents of vandalism and arson, this is a disturbing pattern of violence in America that must receive our serious attention.

The issue is not merely the physical damage resulting from these fires. I am confident that the congregations of Greenville's New Light House of Prayer and the Church of the Living God will unit to repair their churches and will be joined in that effort by the Greenville community at large. The issue is that these fires represent an act of violence that must not be tolerated in a free and civil society. When we read about church burnings or awaken one morning to discover that a suspicious fire has damaged a church in our own community, we are reminded that reli-

gious freedom is the solid rock upon which our great Nation was founded and which must be preserved and protected.

REPORT ON RESOLUTION WAIVING POINTS OF ORDER AGAINST CONFERENCE REPORT ON H. CON. RES. 178, CONCURRENT RESOLUTION ON THE BUDGET, FISCAL YEAR 1997

Ms GREENE of Utah, from the Committee on Rules, submitted a privileged report (Rept. No. 104-615) on the resolution (H. Res. 450) waiving points of order against the conference report to accompany the concurrent resolution (H. Con. Res. 178) establishing the congressional budget for the United States Government for fiscal year 1997 and setting forth appropriate budgetary levels for fiscal years 1998, 1999, 2000, 2001, and 2002, which was referred to the House Calendar and ordered to be printed.

REPORT ON RESOLUTION PROVIDING FOR CONSIDERATION OF H.R. 3603, AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS ACT, 1997

Ms. GREENE of Utah, from the Committee on Rules, submitted a privileged report (Rept. No. 104-616) on the resolution (H. Res. 451) providing for consideration of the bill (H.R. 3603) making appropriations for Agriculture, Rural Development, Food and Drug Administration, and Related Agencies programs for the fiscal year ending September 30, 1997, and for other purposes, which was referred to the House Calendar and ordered to be printed.

IMPACT OF REPUBLICAN CUTS ON MEDICARE AND MEDICAID

The SPEAKER pro tempore. Under the Speaker's announced policy on May 12, 1995, the gentleman from New Jersey [Mr. PALLONE] is recognized for 60 minutes as the designee of the minority leader.

Mr. PALLONE. Mr. Speaker, on previous occasions during these special orders I have talked about the impact of the Republican cuts in Medicare and the fact that the Republican leadership proposals on Medicare would cut the Medicare Program so much that most of the money, or a good percentage of the money that would be cut, would be used for tax breaks for wealthy Americans and also that the changes in the Medicare Program that have been proposed by the Republican leadership would negatively impact the Medicare Program by essentially depriving many senior citizens of their choice of doctor, pushing them into managed care programs; if they did not go into managed care of HMO programs, they would actually experience rather large

increases in out-of-pocket expenses because the protections that exist under current law whereby a doctor can charge only 15 percent more than what Medicare pays would basically be repealed.

I have been very critical of the various components of the Medicare Program that the Republicans have proposed. Well, tonight I wanted to repeat some of that, but perhaps even more so, go into some of the changes that are being proposed for the Medicaid Program because tomorrow we are likely to take up on the House floor the Republican budget bill, the conference bill that comes back from both the House and the Senate, and that includes major provisions and incorporates the changes, if you will, in the Medicare and the Medicaid programs that the Republican leadership has proposed.

In addition, starting tomorrow and after tomorrow, once that budget is adopted, as I expect it will be by the Republicans or by the Republican majority, we will start seeing individual committees take up different components of that budget proposal, including the Medicare and the Medicaid components, and actually come forward, the committees will come forward, with legislation that provides a lot more details about exactly how the Republicans and the leadership plan to make changes in Medicare and Medicaid. Specifically, tomorrow my committee, the Committee on Commerce, which has a Subcommittee on Health and the Environment, will actually have a hearing on the Medicaid changes that would likely be brought up and voted on in the committee some time later this week.

The problem that I have with the Medicaid Program in some ways is very similar to the problem that I have with the Republican Medicare proposal. The cuts are too deep, they negatively impact the program because the money is taken away from the program and used for other purposes, primarily tax breaks for wealthy Americans, but in the case of the Medicaid Program, unlike the Medicare program, the Medicaid Program is essentially repealed outright because its entitlement status, the guarantee that Medicaid recipients have now that they will receive certain health care coverage or even health care coverage, is basically taken away, and the program is what we call block-granted to individual States. The States get a certain amount of money. They can decide pretty much on their own how they decide to disburse that money. If they decide that certain categories of people should no longer be eligible for Medicaid, it is pretty much up to them to make that decision, and even those who continue to be covered by Medicaid in many cases will find that the scope of their coverage or services that are rendered available to them are significantly less or significantly poorer quality.

Now, many people think of the Medicaid Program as a program for poor people, and that is essentially true, and the Medicare Program, of course, is for all seniors regardless of their income status. Medicaid, on the other hand, is for people of any age who fall below a certain income. But in this country, in these United States, most of the Medicaid Program money, most of the money that the Federal Government and the State governments contribute to Medicaid, actually pays for senior citizens who are staying in nursing homes. So Medicaid is, although it is not exclusively for senior citizens by far, the majority of the money goes to pay for senior citizens services, and it is just as important to the seniors of this country, almost as important, I should say, as Medicare itself.

I want to keep stressing that, that Medicaid is primarily a program, or at least financially a program, that pays for seniors' health care, primarily again in nursing homes.

Mr. Speaker, I wanted to talk about some of the reasons more specifically why I oppose this Republican Medicaid Program and the changes that are being proposed by the Republican leadership. The budget that we will be voting on most likely tomorrow would reduce Federal spending on Medicaid over the next 6 years by \$72 billion. This means that compared with what the Congressional Budget Office, or the CBO, estimates is necessary to maintain the program's current level of coverage, the Federal Government would be spending \$72 billion less, a cut in Federal Medicaid spending would be 16 percent below the amount CBO estimates is necessary or needed to maintain the program at its current level.

So once again you are going to be hearing from the other side of the aisle, and they are going to be saying, well, we are actually increasing the amount of money that we spend on Medicaid in the same way that we are increasing the absolute amount of money that we are spending on Medicare. But if you look at inflation and the actual cost to take care of the people that are in the Medicaid Program now, just as in Medicare, and project how many people would be in those programs over the next 5 or 6 years, you realize very quickly that the amount of money that is going to be made available will not cover the needs of those Americans who would normally be eligible for Medicaid or Medicare.

In addition, Medicaid, unlike Medicare, is 50 percent paid by the States. So what the Federal Government does in how it relates to what the States pay is also significant, and under the Republican budget, which we will be voting on most likely tomorrow, the States would be allowed to decrease their spending, and State Medicaid spending would fall by \$178 billion over the next 6 years, more than twice as much as the Federal spending would be cut.

□ 1845

So we could say that the total cut in Medicaid spending, both Federal and State, would be \$250 billion, or 18 percent.

There is no way, Mr. Speaker, this program can continue to cover this same number of people and provide the same level of services with that level of cut. It is unprecedented. Of course, it is not intended to cover the same amount of people. The anticipation has to be that a lot of people will simply not be eligible for Medicaid anymore.

As I said, the Republican bill would repeal the Medicaid Program and replace it with a block grant to the States. More specifically, the Republican bill repeals the individual Medicaid entitlement effective October 1 of this year.

What does that mean when we talk about entitlements? Entitlements historically have been if you are eligible because of income or other criteria for a program, you are guaranteed that you would have that health care coverage. Essentially what this Republican bill does is take away the entitlement status of Medicaid, so no one is actually guaranteed that they are going to have health insurance. Basically, States would be entitled to fix the amounts of Federal dollars and could vary the benefits they offer from person to person and area to area.

I want to stress again, and I do not think I can stress enough, that we are primarily here, in terms of dollars, talking about nursing home coverage for senior citizens. The Republican bill puts the elderly, especially the frail elderly in nursing homes, and their families at risk of paying large amounts of out-of-pocket expenses for needed care and of losing much of their current coverage altogether.

The Republican bill repeals the current entitlement that low-income Americans have needed nursing home care, again effective October 1. Again, if you were below a certain income now, you are guaranteed nursing home coverage. You will not be under this bill. The bill repeals the current requirement that nursing home services and other benefits be sufficient in scope, allowing States to limit coverage to, say, 14 days per month, or 2 months per year. Elderly nursing home patients and their families would have to pay for the care received during those periods the States chose to cover. Not only can the States decide not to cover certain people for nursing home care, but they can decide they will only cover them for 14 days, half a month, or a certain number of months per year, and basically say you have to pay; and since these people do not have the money to pay themselves, their families, their children, their grandchildren, would have to pay those expenses in the nursing home.

The Republican bill also repeals the current law requiring that States pay nursing homes reasonable and adequate rates for the services they provide to

Medicaid patients, and it prohibits nursing homes from suing States in Federal court to enforce the reasonable and adequate payment standard.

Oftentimes what happens now is that States will decide that in order to save money, they will reduce the reimbursement rate that goes from Medicaid to the nursing homes. A lot of times in the past the nursing homes could get together and say, look, that is not enough money to pay for care. We would have to cut back on the amount of nurses that are available. We would have to cut back on various services. They sue in the Federal court and they say, "This is not enough to pay for the proper services that we offer," and many times they win. Sometimes that do not. They would not be able to bring suit anymore, and there would not be a requirement anymore that the States set a rate at what is reasonable to actually cover the costs of the nursing home care.

The Republican bill also repeals the current law prohibition against the imposition of cost-sharing requirements on Medicaid nursing home patients. So, as a result, I will give an example, States could require each beneficiary to contribute \$25 per day, say, toward the cost of nursing home care. Since most of the beneficiary's income is already applied towards the cost of care, because we are talking about low-income people, the burden of this additional cost-sharing would, as a practical matter, fall on the individual's family.

Mr. Speaker, what we are seeing here is a major shift historically. When seniors were not able to afford nursing home care, the State and the Federal Government contributed and paid for that care. What we are going to see increasingly is that the burden will fall more and more on the children and the grandchildren. I think some people say that is fine, let the children or the grandchildren pay; but when we think about the fact that those children may have the educational expenses for their children or may have other costs that they incur in order to pay for their children or their regular lives, it is very difficult for many of them to now have to shell money out of pocket to pay for nursing home care for their parents or their grandparents.

Mr. Speaker, I wanted to talk a little bit about what this Republican Medicaid plan does for children. The bill basically strips over 18 million poor children of the health insurance coverage which they are guaranteed under current law, children with disabilities or health conditions that are expensive to treat, and their families are at a particular risk of losing coverage.

The bill repeals the current entitlement to a basic benefit package for every American child under 13 living in a family in poverty. This repeal, which will essentially terminate health insurance coverage for over 18 million children, would become effective October 1. The bill also repeals the current re-

quirement that States provide basic health care coverage to children age 13 up to 18, living in poverty, and under the Republican bill, coverage to these children would be at the option of each State.

Finally, the Republican bill repeals the current law requirement that physician, hospital, and other so-called guaranteed benefits be sufficient in scope for children. As a result, States would be allowed to limit children to, say, one physician visit per month or 5 hospital days per year. Just as with the seniors in the nursing homes, the children, the coverage for children, could be limited by just taking out whole categories of children who would not have health insurance, and would then be among the ranks of the uninsured, or basically by limiting the kinds of services that the children would receive under the program.

I see that my colleague, the gentleman from New York [Mr. HINCHEY], is here. I yield to him to talk about Medicaid or Medicare, which I know is very important to him and his district.

Mr. HINCHEY. Mr. Speaker, I thank the gentleman for blocking out this time and giving me an opportunity to join him in this discussion.

I know that the gentleman is very concerned, as I am and I think many of the people in this House are, about the future of both Medicare and Medicaid. Last week we saw once again the trustees, the Medicare trustees, issue their annual report. It is a report, of course, that they issue every year. When they issued their report last year, the Medicare trustees reported that legislation that would reduce costs by only \$89 billion over a 7-year period would be sufficient to maintain Medicare's financial security. So it is not an awfully difficult job to do. A relatively small amount of money over that 7-year period will ensure the future stability of Medicare for at least another decade beyond that.

Most of this legislation, which would extend Medicare's viability another decade, required only the continuation of existing Medicare laws that were scheduled to expire. So, simply by taking laws that are about to expire and extending them into the future, that alone will provide us with most of the funds that we need to ensure the strength and viability of Medicare for at least another 10 years. Many of us, including you and I, cosponsored legislation that would continue those laws and would meet that \$89 billion goal.

Relatively small shifts in reimbursement levels and technical changes can produce substantial savings without requiring any dramatic overhaul of the Medicare Program. Our colleagues on the other side of the aisle here, whose real intention is to destroy Medicare, are proposing to cut much greater funds out of the program. Their proposal last year, of course, was for \$270 billion out of Medicare. They have dropped that back a little bit this year. It is something in the neighborhood of

\$220 to \$240 billion that they would cut out of Medicare this year in their budget proposal over a 7-year period.

We know that there have been many times in the past, and Medicare has been around now for 30 years, there have been many times when the trustees have reported that Medicare would run out of funds, in some cases in as short a time as only 2 years. There were a couple of periods back in the decade of the 1980s, for example, when the trustees came in with their report and said unless the Congress takes some action of some kind to strengthen the fund, the fund will be exhausted in 2 years. Of course, Congress took that action, and the fund was extended for years into the future.

Now the trustees, in their most recent report, have said that the fund is secure for another 5 years. There is nothing that has to be done for another 5 years and it will be secure, but sometime within that 5-year period the Congress will have to act.

That has always been the case. Medicare was created on a pay-as-you-go basis back in 1965. It was not as though Lyndon Johnson, who was President then, found a big pot of money somewhere and said, well, this is going to be the Medicare trust fund. We have just discovered this fund and we are going to turn it into the Medicare trust fund. Nothing like that, of course, happened. What they did was set up the Medicare program and established its funding on a pay-as-you-go basis, year after year after year, assuming that the program would be effective, that the American people would support it, and so therefore the Congress would continue to support it with the necessary funds.

Now the majority party here has come and has reacted to this recent revelation, this recent report from the trustees that stipulates that Medicare is fine for 5 years, and they are trying to instill panic in the general population, particularly those people who are receiving Medicare, elderly people. They are vulnerable to this. They are worried about their health care. So when someone in the House of Representatives stands up here on the floor and stamps their feet and makes a big to-do, pretending that Medicare is about to go bankrupt, when in fact it is stronger today than it has been many times in the past, senior citizens become concerned, because it is the health insurance that they need to get the health care they need to sustain their health and to sustain their lives. Their children become concerned, too, because without Medicare they know that they would have to sustain substantial costs which in many cases for working people would be far beyond their ability to sustain.

Mr. Speaker, it is really, I think, scandalous the way some people here have tried to turn this routine report from the Medicare trustees that comes out every year, how they have tried to turn it into a political football, and they are trying to exploit this report

by pretending it is something that it is not. It is not a call for alarm, certainly not panic. It is simply the requirement, annual requirement that the law stipulates that the trustees must do, and that is to report to Congress and to the United States every year on the condition of the fund. The fund, with 5 years, is obviously a lot stronger than it was back in the 1980s, when a number of times, at least twice, there were only 2 years left in the fund.

Congress has responded throughout this 3-year period. In the last 13 years, for example, Congress has adjusted the Medicare fund nine times to respond to recommendations that were contained in the annual report of the Medicare trustees. So this report this year is nothing extraordinary, it is nothing new. It is the routine, annual reporting of the trustees to the Congress, and it is our responsibility to respond to that either this year or next year.

The proper response is, as I indicated when I first started speaking a few moments ago, the proper response is to look at the existing law, take some of those things that are about to expire, extend them on into the future so that they will produce the needed revenues, and the mere \$89 billion over 7 years, a far cry from the \$270 billion that our friends on the other side of the aisle are trying to chop out of the program, simply by extending provisions in the existing law you can obtain the \$89 billion over 7 years and ensure the strength and solvency of the fund for at least another decade, which is the kind of thing that the Congress has done over and over and over again throughout the 30-year history of Medicare.

But it comes as no surprise to you nor to me that these folks are trying to exploit this report, to turn it into a source of panic and concern, when really there is no need for concern, let alone panic. It comes as no surprise to us because we know that the majority leader of the Senate, who is now about to retire, was bragging here on an October day last year when he was addressing a very conservative group of people here, when he was trying to appeal to them as a candidate for the Republican nomination for President, he was trying to appeal to them by saying to this very right-wing group, "If you want someone who is really conservative, then I think I am the guy you want, because I have been against Medicare from the very beginning." He bragged about being one of only 12 people to vote against Medicare when it was first proposed on the floor of this House. he was a Member of the House in those days, in 1965.

He bragged about being only one of 12 people to oppose the Medicare legislation, and he seemingly makes no bones about it, frankly. He was proud of the fact that he was against it then. He said he has been against it ever since, and he is against it today. Why, he explained? Because, and this is the real kind of silly part of his argument, he

said, "Because I knew it would not work then and I know it does not work now."

The fact of the matter is that millions of American seniors have benefited from the Medicare program. It has provided them with excellent health care; not that it is perfect by any means. There are things we have to do and will do to improve the program. But the fact of the matter is that Medicare has served the senior citizens, 65-year-or-older population in this country, very well now for more than 30 years. And of course we know that the Speaker of our own House, coincidentally that same week in October of last year, speaking to a group of insurance executives at the time, said this to them.

He said, "We are not going to attack Medicare directly. No, no. We are not going to do that. That would be politically unwise," he said. "What we are going to do is attack it circuitously, by going around the back, withdrawing the funds from the program"; hence their proposal for a \$270 billion reduction, "withdraw the funds from the program and let Medicare wither on the vine."

□ 1900

That was his approach to these insurance executives, who of course many of them would like to see Medicare be destroyed, because that would give them some opportunity to perhaps sell some health care insurance to some people who do not need it now because of the fact that they have Medicare.

So it comes as no surprise to us, it ought to come as no surprise to the American people that there are certain people in this House as well as in the other body that are trying to exploit this routine report from the Medicare trustees, turn it into something it is not, pretend that it is cause for concern and try to exploit it for political reasons, which I think is frankly unconscionable. Nevertheless, that is what they are trying to do, when in fact this is a routine report.

It is simply the trustees fulfilling their obligations to report to the Congress and to the American people, and this Congress or the next one, which will be elected in November, will do exactly what Congresses have done in each and every case in the past. They will do the responsible thing. They will extend these programs out. They will take the appropriate action to ensure that this Medicare program, which has served the country and particularly our elderly population so well now for so long, will continue to do precisely that.

So I wanted to come over and join you in this discussion because I think that these are matters that are important and ought to be said. In fact, I think that they ought to be said as often as possible.

Mr. PALLONE. I appreciate the gentleman coming down and saying the things that he said. It is so true. I

think it is really an ideological phenomenon that basically the Republican leadership does not favor Medicare or Medicaid, and that is essentially because I think that they believe that whether it is for seniors or it is for low-income people, there really should not be a government-funded or run health care program.

The bottom line is that these programs were established because we knew that the majority of seniors were not able to get health insurance. When Medicare was established in 1965, the majority of seniors did not have health insurance coverage. Certainly people who are eligible now for Medicaid who are very low income, there is no way for them to get health insurance coverage unless the Government provides a program like Medicaid.

But what the gentleman was saying about how the Republican leadership is trying to use this Medicare trustees' report as a way to justify their radical changes, if you will, that they are suggesting for Medicare, is so true.

I just have some statistics here that show that right now the Medicare trust fund actually has a \$125 billion balance and there is no danger that claims will not be paid. I have people coming up to me because they hear what the Republicans say, and they say, "Is my Medicare going to be paid this year?"

As the gentleman points out, even though the trustees' report indicated that it would only be solvent for another 5 years, that is actually better than many previous trustees' reports which were only for 2 years. Also, when the gentleman was talking about the actions by the House, the Democrats in 1995 and 1996 actually proposed on the floor amendments to the budgets that would have corrected the problem.

We had a vote on a proposal of the gentleman from Florida [Mr. GIBBONS], the ranking member on the Committee on Ways and Means, the Democratic ranking member, last year during the budget debate to cut, I guess, \$90 billion out of Medicare. That is exactly what the trustees' report said was necessary in order to keep the program solvent for the next decade. The President's budget was offered on the floor this year that would have achieved the same goal, and the Republicans voted against it.

Basically what they are trying to do is, they are trying to increase the cuts significantly more, as the gentleman said, than what is necessary to keep the program solvent. I have maintained that is primarily in order to pay for these tax breaks that go primarily to very wealthy Americans.

So I think it is only fair, as the gentleman is doing, to point out where this debate really is. What we are seeing are efforts on the part of Speaker GINGRICH and the Republican leadership to make real changes in the Medicare program and also in Medicaid, as I was talking earlier that are essentially going to have a negative impact on these programs and ultimately force

them to disappear or, as I guess the Speaker said, wither on this vine. I think that was his quote, that Medicare should wither on the vine.

Mr. HINCHEY. It is clear that that is his intention. I think you are right for pointing out that there are certain ideological differences. There are things relating to public policy that separate the Democratic Party from the Republican Party, not every member of the Republican Party, because there are people in the Republican Party who very much appreciate Medicare, who like it, regard it as something very positive and want to support and sustain it.

It happens, however, that the leadership in this House feels quite differently and the leadership in the Senate feels quite differently. They are very strongly opposed to it. They have said so themselves. They make no bones about it. They are not reticent about their opposition to it. They have been quite clear in the things that they have said. They are opposed to the continuation of Medicare, as they are opposed to the continuation of Medicaid, and they are trying to destroy these programs by taking the lifeblood from them, the funding that is necessary to keep them going.

Something else that the gentleman said really stuck me, also. I was at a housing unit over in Binghamton, which is a city in my district, over the weekend. It is a very lovely place. It is well run, it is well kept. It is 16 years old, was funded by the Federal Government. It was built 16 years ago but it is maintained so well that one would think it was only 4 or 5 years old. It is in very good condition.

This is a building that houses senior citizens and people with multiple disabilities. If it were not for buildings like this, these people frankly in many cases would have no place to go. So here they have an opportunity to live independently and live in a secure environment and one that is quite pleasant. In fact, in the back yard there was a lovely landscaping operation and a garden where people had planted some vegetables, tomatoes, and things like that, to harvest in the summer harvest.

They were deeply concerned when I talked to them about Medicare. They had heard some of the things that were reported here. They had heard about the Medicare trustees' report, they had heard about the kind of twists on that report that had been placed upon it by certain Members of this House on the other side of the aisle, and they were deeply concerned.

They were wondering if they were going to continue to have their health insurance, if it was going to continue to be viable. I had to assure them that, yes, of course it was, that this report was not anything unusual, it was simply the routine report put out by the trustees.

But there are people here in Washington who do not like Medicare. They

have never like it, as BOB DOLE has said quite clearly. He was against it from the very beginning back in 1965. He did not like it then, he does not like it now. That is his right, of course, not to like it. He is certainly entitled to his opinion.

We think he is wrong. We believe earnestly that he is wrong. We recognize that Medicare has served this country very well, particularly our elderly population and the families of older people as well. But they do not like it and they are opposed to it. They would like to see it ended, and they are trying to destroy it by these continuing efforts to cut the funds out of the program so that, in the words of Speaker GINGRICH, it would just wither on the vine.

Mr. PALLONE. I am somewhat familiar with the gentleman's district, not so much with Binghamton but with Endicott, which is also in your district, I believe.

Mr. HINCHEY. Yes, it is.

Mr. PALLONE. Because my father-in-law and mother-in-law both grew up, until they went off to college, lived in Endicott, and I have been up there a few times. It in many ways very similar to a lot of areas in my district where there is an aging population in many ways. You have a lot of the senior citizens, maybe a little out of proportion to some other areas of the State or other States.

The problem that I see with all this, not only with Medicare and Medicaid, with the Republican proposals, is that if you cut people off the rolls or if you cut back the services that are covered by Medicare and Medicaid you cause, which is what they are doing basically, a lot more out-of-pocket expenses. What I see is the burden shifting increasingly to the children and the grandchildren of these senior citizens. Because many of them are not going to be able to afford the additional costs out of pocket.

Some people have said to me, "Oh, that's okay, let the children and the grandchildren pay for it." First of all, you have the phenomenon that some will not. But beyond that, how far can they go? A lot of younger people have their own children to raise and they are not expecting that they are going to have to shell out large amounts of money to pay for nursing home care for their parents or their grandparents or these other doctor and physician services.

What we are talking about here is not just something that relates to senior citizens but relates to the population as a whole because of the cost shifts that would occur. I do not know that we have been able to get that out a lot, but I think that it is a phenomenon that we need to speak out about.

Mr. HINCHEY. The gentleman is absolutely right, of course. It is critically important. I know the families in my district, and I know that my district is not unusual, this is true of families across the country, are struggling today because of the fact that incomes

have been stagnating, in some cases even declining. From 1989 to 1992, average incomes in this country for working people actually went down. That is an extraordinary fact. So working people are having a difficult time as it is just trying to maintain their standard of living. In many cases it is slipping a bit. They are trying to put some money aside for the education of their children, perhaps for their retirement, in the case of young people trying to put some money aside for the purchase of a first home or perhaps to start a business, something of that nature. and if they had to suddenly be forced to bear the additional costs of tending for the health care needs of their parents and grandparents absent Medicare and Medicaid, I think for many people that I know, certainly in my family and many of my friends and the people that I know and the people that I represent across my district, it would be an absolute impossibility. They just could not do it.

This is a situation that although it affects our elderly population, our senior citizens, most directly because it is their health care, after all, but by extension it affects in a very direct and very solid way everybody in the country. Everyone in this country would be affected if we were to lose the Medicare Program. I think that that is why this program is supported so overwhelmingly. Every indication, polls and other samplings of public opinion indicate that the American people support Medicare, they understand its value, how it has helped their parents and grandparents, what it means to them and their economic circumstances, and they support its continuation. They want it improved as you and I want it improved. There are problems with Medicare in the area of fraud and abuse that need to be improved and I am happy that the administration has taken some very solid steps recently updating the computer operation so that cross-checking of bills can be done much more quickly and much more accurately. There have been instances of double billing in Medicare from some doctors. Most doctors, of course, would not do that. But in any population of any group of people, you are going to find some who will try to exploit the system. And so we have had examples of double billing from some physicians in Medicare, and these changes in the administration of Medicare that are being brought on line by the Clinton administration, updating the computers, making them more powerful, giving them the ability to cross-check and cross-reference bills, will sharply reduce the incidence of fraud and abuse in the Medicare system, and we need to continue to do that.

It is estimated that as much as \$1 billion a year is found in fraud and abuse in Medicare. I think if we continue to work on that, we can get that down to a very small number. I do not think that we are ever going to eliminate it completely, but I think we can get it

down to a very small number and that will be additional funds, of course, which will be available to improve the quality of the program and the quality of health care that is available to the people who depend upon it.

Mr. PALLONE. One of the things that I was going to get to tonight, and obviously there is so much to be said about Medicare and Medicaid that we could talk forever, but one of the things that Democrats have been critical of in the Republican changes to the Medicaid program is a provision that actually repeals statutory safeguards that have protected against some fraud and abuse. I think people have the notion that the reform proposals that have come forward on the floor here over the last year would somehow curb fraud and abuse, but in many cases they repeal existing statutory protections against fraud and abuse.

For example, in the Medicaid program over the past 10 years the largest single abuse of Federal Medicaid funds has been the use by some States of what is called illusory financing schemes. This is where they have these fictitious payments to disproportionate share hospitals and then the State substitutes Federal for State dollars effectively reducing the State's share of program costs.

In 1991 and again in 1993 Congress enacted legislation designed to curb these abuses where they set up these fictitious funds and the Republican bill expressly repeals these statutory safeguards essentially reopening the door to abuse of the Federal Treasury by States if they want to lower their own Medicaid spending without reducing the amount of Federal Medicaid funds that they would fall down on.

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So again, one would think when we are getting a reform proposal that we would be cutting back on the fraud and abuse, but in effect what this does, in block granting the money, it actually takes away some of the safeguards that have been used by the Federal Government to prevent the States from basically coming up with these illusory finance schemes.

We might say what State would do that, but, of course, States do that because they are trying to save money and cut back on the amount of State dollars and use the Federal funds in ways they are not supposed to.

Mr. HINCHEY. Absolutely. I served in the State legislature, and I know State legislatures and governors are not embarrassed about trying to use Federal funds in creative ways to solve their own budgetary problems.

In New York, for example, where the State still does not have a budget in place, it is months overdue, if they had the opportunity to manipulate Federal funds in a way that would allow them to produce a budget easily, without them having to do some difficult things within the context of their own responsibility, I believe they would do it and

they would not care about the loss of the Federal program. They would just sort of gloss over that.

So there is a lot of irony here, unquestionably. Not only do our friends on the other side of the aisle over here want to cut Medicare by \$270 billion so they can pay for a \$245 billion tax cut, most of the proceeds of which would go to upper-income people, but, as the gentleman pointed out, they are slashing away, and the bill is still before the House, the one that calls for a \$270 billion cut, they are slashing away at the existing provisions which attack fraud and abuse.

What they would do in that bill is this: They would raise the standards of proof so it would be more difficult for investigators and law enforcement people to prove fraud in the system. So if there were people out there ripping the system off, under their proposal it would be tougher to catch them. So the white collar crooks ripping off the Medicare system would get away with murder based on their proposal because they would make it much more difficult for the authorities to catch up with them.

And, in addition to that, they go further. When and if they were ever caught under their proposal, they reduce the penalties. So anyone caught abusing the system through fraud or other ways, not only would it be tougher to catch them under their proposal but if they were ever caught the penalties for stealing from the system would be substantially reduced.

It is an incredible irony and I think it indicates quite clearly how dedicated they are to the destruction of the Medicare Program. They want to take the money out of it and use it for unnecessary tax cuts. And, for the most part, people are sensible enough not to want them because they understand that that money ought to be used to keep this program strong, and if there is any extra money lying around here in Washington it ought to be used to balance the budget.

Not only do they want to do that, but out of one side of their mouth they talk about the budget deficit and out of the other side they talk about big tax cuts. It is quite extraordinary, frankly.

Mr. PALLONE. I agree. And the other thing that has really been, I think, not exposed enough is this whole way in which they go about adding more out-of-pocket expenses under Medicare. Last year when we had the Medicare proposal, they were actually increasing the costs of the part B premium, the amount that seniors pay under Medicare for their physician's care. Those premiums were skyrocketing over the next 5 or 6 years, and we managed to basically scuttle that because the President said he would not sign it. I guess he actually vetoed the bill.

But now what they are trying to do in this bill that is going to come to the floor tomorrow is essentially say that if an individual refuses to join an HMO

or a managed care system, and they want to stay in the traditional Medicare Program where they choose their own doctor or their own health provider, then they no longer have the guarantee that the doctor or provider cannot charge them 15 percent beyond what Medicare pays. There is actually no limit.

So when I hear my colleagues on the other side say, well, you are given all the choice you want here; you can stay in traditional Medicare or go to an HMO, or you can have all the choices you want, what kind of choice do you have if you stay in the traditional Medicare program and then the doctor can charge you an unlimited amount of co-payment? You are not going to be able to stay with this very long unless you have unlimited resources, which obviously most seniors do not.

I have been trying to explain that as much as possible to my own constituents because I think they cannot imagine a situation where the doctors can charge an unlimited amount beyond what Medicare bills. But that is only forbidden now because of the statutory restrictions on it.

Mr. HINCHEY. Right. There are statutory restrictions which were put into place not too long ago, as a matter of fact, were they not? I think a decade or so ago.

Mr. PALLONE. That is right.

Mr. HINCHEY. They were put into place because it had become clear that overbilling had become rampant in the system, and this was something that was done to ensure fairness and to prevent overbilling.

I think the point that the gentleman has just raised is important, and it reminded me of something that I have here. The Physician's Payment Review Commission, which is a nonpartisan panel of experts that advises Congress on Medicare policy, had the following to say. They said, and I quote, this change that our friends, the Republicans want to make here, which would allow unscrupulous physicians to overbill Medicare patients by large amounts, they say, and I quote, "could leave beneficiaries exposed to substantial out-of-pocket liability in the range of 40 percent of the bill."

So the effect of their proposal, which will be, I think, here before us tomorrow or later this week, is it tomorrow?

Mr. PALLONE. Probably tomorrow, but I guess we do not know for sure.

Mr. HINCHEY. Yes. Could be tomorrow or could be Wednesday. In any case, what they want to do is take the limit off the billing ceilings for health care, and that would expose Medicare beneficiaries, the people who are reliant upon Medicare, to pay out of their pockets an additional 40 percent.

Now, again, what they are trying to do here is transparent. It is so easy to see through their motivation. They are trying to destroy confidence in the program. They think that if somehow they could get this bill passed, I do not know how they think they could get it

passed, I mean the President would obviously veto if it ever gets to him, the Senate probably has more sense than to ever take it up, but what they want to do is to establish a new law which would require Medicare beneficiaries to pay, on top of their copayments and on top of other insurance that they might have now, under their proposal, an additional 40 percent out-of-pocket for routine health care procedures.

Now, that is guaranteed to undermine the public's confidence in the Medicare system and it is precisely what they want to do. It is clearly their motivation. It is so transparent that anyone, no matter how myopic they might be, can see through it.

So over and over again they want to destroy this Medicare program in one way or another by cutting the funding out of it, by pretending the Medicare trustees report is something it is not, trying to elicit fear on the part of people who are depending upon Medicare, and now by attempting to pass a bill which would provide that doctors can charge almost as much as they want and elderly people would have to pay 40 percent out-of-pocket.

It is really, I think, scandalous.

Mr. PALLONE. I am glad you mentioned this. I was actually assuming, which I see from the document I have, which is similar to yours from this Physician's Payment Review Commission, I was assuming that that 40 percent included the copayment, but that is actually beyond the copayment.

Mr. HINCHEY. Yes.

Mr. PALLONE. So you could have a 20 percent copayment and then have this 40 percent out-of-pocket beyond the traditional copayment, which is incredible when you think about it. Who is going to be able to afford that? I mean, very, very few.

Mr. HINCHEY. Oh, yes. That is exactly right. On top of everything else it is as much as an additional 40 percent. So if their bill ever became law, what we would have in the case of a senior citizen who required some surgery of some kind, say for example, that in an addition to the payments that would be made through Medicare and whatever additional insurance they might have, they would then be faced with the need to pay thousands of additional dollars out of their own pocket. And that is just absurd.

Mr. PALLONE. The other thing that I was thinking about when the gentleman was talking about this extra out-of-pocket expense is the fact that the majority of seniors now are covered by medigap. So they are already buying a supplemental insurance policy, in many cases called medigap, that covers services and out-of-pocket expenses in some cases as well.

I know that I saw an article in the New York Times just a few weeks ago that talked about how costs for Medigap supplemental insurance were going up in our States, the New York metropolitan area, New York, New Jersey, and Connecticut, something like 14

percent over the next year. So when one thinks about all these extra out-of-pocket costs for the seniors that would result, I would assume also that those Medigap premiums would soar as well, because as fewer services were covered, we would see even a higher cost for Medigap.

How far can these people go? How far can the seniors go?

Mr. HINCHEY. Well, there seems to be no limit on the temerity of some of the majority party in this House and their ability to attack Medicare and Medicaid.

I know you have talked about Medicaid earlier. In my State, and I assume it is probably similar in New Jersey, 80 percent of the funding in the Medicaid program in New York goes to pay for the expenses of senior citizens and people with multiple disabilities in nursing homes or similar settings.

Mr. PALLONE. Exactly.

Mr. HINCHEY. Obviously, what would happen to the families of those people if Medicare were changed in the way that they are proposing to change it, to block grant it, reduce the amounts of money that is available, send what is left in the form of block grants to the States, the States then would have to add on administrative costs or take out of that administrative costs because now they will have to run the program and be responsible for parts of it. They would have to hire people to do that. They would have to have office space and most of the things that would be associated with making additional costs, which would take money out of the Medicaid program.

As the gentleman mentioned earlier, there is always the temptation for State governments, when they have access to Federal funds, to use them in what might be called creative ways and to spend that money out of the Medicaid system to help balance a budget or to do something else for some other kind of expenditure in some way.

The result of all of that would be far less money available for Medicaid recipients, elderly people in nursing homes, people with multiple disabilities in nursing homes. I ask myself, what would the families of those people do? How would they cope with that? How would they manage under those circumstances?

I can tell the gentleman in the case of many of the people I know, the families of people who have elderly parents in nursing homes or who have someone in their family who is severely handicapped with a severe physical disability as a result of an automobile accident, perhaps, or as a result of a condition at birth in some instances, they simply would not be able to deal with it. They do not have the financial resources.

So people would end up being taken and put into closets somewhere. We have all heard the horror stories that existed prior to the establishment of Medicare and Medicaid; how people,

left to their own devices, without the resources to handle these situations in competent ways, what they had to resort to. And I know that we would be in many instances put back into those same circumstances. We have to prevent that and the way we can prevent it is by keeping these programs alive and preventing the opponents of Medicare and Medicaid from having their way, preventing them from destroying these programs, which is precisely what they want to do.

Mr. PALLONE. I appreciate what the gentleman is saying, and I think that over the next few weeks we will be pointing out more and more about how Medicare and Medicaid are negatively impacted by these Republican proposals.

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In many ways, even though we have not talked as much, we have talked about it, but there has not been as much discussion on the floor about Medicaid. In many cases the changes proposed on Medicaid are even more drastic, but I think fewer people will be covered. The impact on senior citizens is just as great, as the gentleman said, because so many senior citizens in nursing homes or other institutions will no longer be covered or will not have adequate coverage and will see increasing out-of-pocket expenses.

The same things we talked about for Medicare in terms of the overcharges, that is also in the Medicaid legislation that the Republicans have proposed. Those overcharges will not be paid by the seniors but will be paid by the family in many cases.

I thank the gentleman for coming down and joining me in discussing this. I know that over the next few weeks we are going to be talking about it more and more, and even though the budget comes before the House tomorrow, a lot of the details will be worked out in the various committees leading up to reconciliation, as we call it, later this year. So we are going to have to continue to fight this battle to preserve Medicare and Medicaid.

Mr. HINCHEY. I thank the gentleman. This is one of the most critical subjects we have before this Congress, and the more light we can shed on those proposals, the better off the American people will be. They will be able to make competent decisions based on factual information rather than pretend on hysterical statements that we have seen coming out of some of the people in the House over the last couple of days.

Mr. PALLONE. I thank the gentleman.

CONCERNS FOR AMERICA'S FUTURE

The SPEAKER pro tempore. Under the Speaker's announced policy of May 12, 1995, the gentleman from Indiana [Mr. SOUDER] is recognized for 60 minutes as the designee of the majority leader.